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國農金融投資有限公司
China Demeter Financial Investments Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8120)

DISCLOSEABLE AND CONNECTED TRANSACTION – DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET GROUP

The Board announces that after trading hours on 14 January 2022, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, (i) the Sale Share, representing the entire issued share capital of the Target; and (ii) the Sale Loan, representing all the shareholder's loan owing by the Target to the Vendor, at an aggregate Consideration of S\$5,000 (equivalent to approximately HK\$29,000). The Purchaser is a director of a member of the Target Group.

The Target Group was principally engaged in the food and beverage business and was the operator of the Group's restaurants in Singapore. Completion has taken place immediately after the signing of the SP Agreement and each member of the Target Group has ceased to be a subsidiary of the Company.

The Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

The Board announces that after trading hours on 14 January 2022, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Share and the Sale Loan at an aggregate Consideration of S\$5,000 (equivalent to approximately HK\$29,000). The principal terms of the SP Agreement are summarised as follows.

THE SP AGREEMENT

Date

14 January 2022

Parties

Vendor: The Vendor, a wholly-owned subsidiary of the Company and principally engaged in investment holding.

Purchaser: Mr. Chan Ho-Yin, an individual, a director of the Target Subsidiary and a director of a subsidiary of a joint venture of the Group.

Immediately prior to Completion, the Target was an indirect wholly-owned subsidiary of the Company. The Purchaser, being a director of the Target Subsidiary, a wholly-owned subsidiary of the Target, is therefore a connected person of the Company.

Assets disposed of

The Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Share and the Sale Loan at the aggregate Consideration of S\$5,000. The Sale Share represents the entire issued share capital of the Target. The Sale Loan represents all the shareholder's loan owing by the Target to the Group as at Completion. Further particulars of the Target Group are set out in section headed "Information on the Target Group" below.

Consideration

The aggregate Consideration for the Sale Share and the Sale Loan is S\$5,000 (equivalent to approximately HK\$29,000) and has been settled by the Purchaser in cash upon Completion.

The Consideration of the Disposal was determined after arm's length negotiations between the parties to the SP Agreement on normal commercial terms taking into account the financial performance of the Target Group over the past financial years in particular the negative impact of the COVID-19 pandemic on the Target Group, the unaudited net liabilities of the Target Group of approximately HK\$11.9 million as at 31 October 2021, the amount of the Sale Loan and the factors as more particularly described in the section headed "Reasons for and benefits of the Disposal" in this announcement below.

Completion

The SP Agreement is unconditional and Completion has taken place immediately after the signing of the SP Agreement.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in BVI with limited liability and immediately prior to Completion, was an indirect wholly-owned subsidiary of the Company. The Target has one wholly-owned subsidiary, the Target Subsidiary, which is a company incorporated in Singapore with limited liability.

The Target Group was principally engaged in the food and beverage business and was the operator of the Group's restaurants in Singapore. During the year ended 31 December 2021, the Group had three restaurants which provided Italian cuisine in Singapore and which as at the date of this announcement, the Group had ceased the operation of the restaurants in Singapore. The Target Subsidiary is the leasee of the Leased Properties on which the Group used for carrying on the business of operating the restaurants in Singapore.

Set out below is a summary of certain financial information of the Target Group for the two years ended 31 December 2020 and the 10 months ended 31 October 2021:

	For the year ended 31 December 2019 HK\$ (approximately)	For the year ended 31 December 2020 HK\$ (approximately)	For the 10 months ended 31 October 2021 HK\$ (approximately)
Revenue	2,315,000	9,153,000	11,147,000
Net loss before taxation	5,034,000	7,000	6,300,000
Net loss after taxation	5,034,000	7,000	6,310,000

The unaudited combined total asset value and net liabilities of the Target Group as at 31 October 2021 were approximately HK\$1.2 million and HK\$11.9 million respectively. As at 31 October 2021, the Target recorded a shareholder's loan owing by the Target to the Vendor of approximately HK\$6.8 million which was expected that it could not be able to repay in full in light of its financial resources.

Upon Completion, the Group shall cease to have any interest in the Target Group and each member of the Target Group has ceased to be a subsidiary of the Company. The financial results of the Target Group will therefore no longer be consolidated into the results of the Group upon Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) alcoholic beverage distribution and miscellaneous business; (ii) food and beverage business; (iii) money lending business; (iv) provision of children education services; (v) financial services business; and (vi) securities investment business.

Food and beverage business is one of the Group's principal business and most of the Group's restaurants are located in Hong Kong. In the past financial years, the Group has ventured into the operation of restaurant business in Singapore by opening and operating of certain restaurants in Singapore through the Target Group.

The financial performance of the Target Group has been unsatisfactory, in which it has been recording a net loss for the past financial years. As at 31 October 2021, the total cash and cash equivalent of the Target Group amounted to approximately HK\$0.4 million while net liabilities of the Target Group amounted to approximately HK\$11.9 million, inclusive of the shareholder's loan owing by the Target to the Vendor of approximately HK\$6.8 million. As of the date of this announcement, the Group had already ceased operations of the restaurants in Singapore. In light of such financial position, it is expected that the Group would need to make further capital contribution to the Target Group for the continuance of its operation, which the management believes that at the time the Group should better focus its resources to the Group's food and beverage business and other businesses in Hong Kong. As such, the Directors believe and consider that the Disposal is strategically preferable which can allow the Group to streamline its business direction with a view to providing growth potential of the Group and a reasonable decision made under the current circumstances.

It is expected that the Group will record an unaudited gain of approximately HK\$5.4 million from the Disposal, being the difference between the Consideration and the book value attributable to the Sale Share and the Sale Loan. Shareholders should note that the actual amount of gain/loss on the Disposal to be recorded by the Company will be subject to review and audit by the auditors of the Company. It is expected that the proceeds from the Disposal will be used for general working capital of the Group.

The terms of the SP Agreement (including the Consideration) were determined after arm's length negotiations between the Company and the Purchaser. In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable, that the Disposal is on normal commercial terms, and that the Disposal is in the interests of the Company and its Shareholders as a whole. As none of the Directors had material interests in the SP Agreement, no Director was required to abstain from voting on the resolutions approving the SP Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

In view of the fact that the Purchaser, which as at the date of the SP Agreement, is a director of the Target Subsidiary, the Purchaser is a connected person of the Company by virtue of his position as a director of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Demeter Financial Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM
“Completion”	completion of the Disposal
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the aggregate sum of S\$5,000, being the total consideration of the Disposal
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the terms and conditions of the SP Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leased Properties”	three properties in Singapore which was leased to the Target Subsidiary on which the Group had used for operation of the Group’s restaurants in Singapore
“Purchaser”	Mr. Chan Ho-Yin, a director of the Target Subsidiary
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Loan”	the aggregate sum of approximately HK\$7.3 million owing by the Target to the Vendor as at the Completion
“Sale Share”	the 1 share representing the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) of the Company
“SP Agreement”	the sale and purchase agreement dated 14 January 2022 made between the Vendor and the Purchaser relating to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Amber Glory International Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target and the Target Subsidiary

“Target Subsidiary”	BLVDHK Pte. Limited, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Target
“Vendor”	City Ally Holdings Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

In this announcement, amounts quoted in S\$ have been converted into HK\$ at the rate of S\$1 to HK\$5.8 for the purpose of illustration only. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
China Demeter Financial Investments Limited
Ng Man Chun Paul
Chairman

Hong Kong, 14 January 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ting Ho and Mr. Chan Chi Fung; one non-executive Director, namely Mr. Ng Man Chun Paul; and three independent non-executive Directors, namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days after the date of publication and on the Company’s website at www.chinademeter.com.